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June 6, 1957

CAPITAL MARKET DEVELOPMENTS

Large public security offerings issued for new capital during the week ending May 31, totaled \$65 million for corporations and \$17 million for State and local governments. Two State and local government issues scheduled for sale last week were not sold. Texas received no bids for its \$13 million general obligation issue, which carried a 3 per cent interest cost limitation, and Mississippi rejected all the bids received for its \$10 million bond issue. The best bid named a 3.16 per cent interest cost.

The calendar for this week includes corporate offerings totaling \$105 million and State and local government issues for \$55 million. Another corporate issue -- Southern California Edison Company's \$30 million preferred stock issue -- was originally scheduled for sale this week, but withdrawn before it came to the market. Press reports indicate that the company may substitute a bond offering, possibly in July.

Bond yields - Bond yields increased last week for all types of outstanding bonds. The increase was moderate for corporate bonds, but it was quite sharp for State and local government bonds -- 11 basis points for Aaa bonds. Yields on all categories of bonds, except those for corporate Aaa's and U. S. Government (old series) are currently at their highs for the year and only the old series bond yields are below their 1956 peaks.

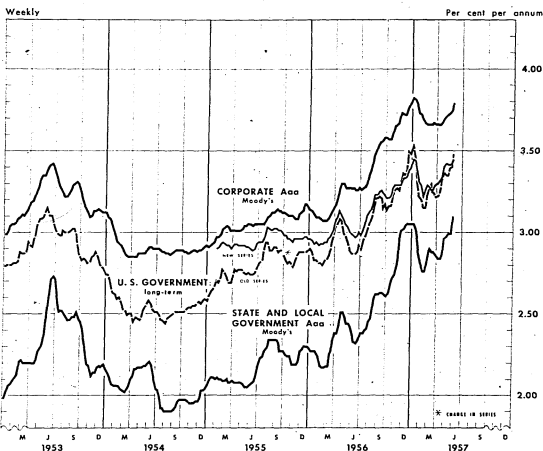
Yields on new corporate issues also continue to increase. A new Aaa-rated 30-year, electric utility bond issue was offered to the public on Wednesday to yield 4.53 per cent. This is 36 basis points above the yield for the last comparable offering, one made early in May. A similar Aa-rated utility issue was offered this week to investors to yield 4.63 per cent -- 13 basis points above a comparable offering made on May 16, and 25 basis points above an Aa-rated issue on May 21, which included a 5-year no-call provision.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks reached a new high for the year last week, closing at 286.6 on May 31. Daily figures through Wednesday of this week indicate a slight decline in prices.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

Business Finance and Capital Markets Section,  
Division of Research and Statistics,  
Board of Governors of the Federal Reserve System.

## HIGH-GRADE BOND YIELDS



Date	Corporate Aaa <sup>1/</sup>	U. S. Govt., long-term <sup>2/</sup>		State and local govt. Aaa <sup>3/</sup>	Spread between U. S. Govt. (old series) and Corporate <sup>1/</sup> State and Aaa Local Aaa	
		Old series	New series		Corporate Aaa	State and Local Aaa
(Per cent)						
1953 - High	3.42 (6/19)	3.15 (6/6)	n.a.	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	n.a.	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	n.a.	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	n.a.	1.90 (9/2)	.32	.29
1955 - High	3.17 (12/23)	2.94 (8/5)	3.03 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.89 (6/10)	2.05 (5/26)	.13	.54
1956 - High	3.79 (12/28)	3.49 (12/21)	3.39 (12/28)	3.05 (12/27)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.32
1957 - High	3.82 (1/4)	3.53 (1/4)	3.45 (5/31)	3.10 (5/29)	.54	.48
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26
May 3	3.71	3.35	3.42	2.97	.36	.38
May 10	3.72	3.35	3.41	2.99	.37	.36
May 17	3.73	3.39	3.41	2.99	.34	.40
May 24	3.75	3.40	3.42	2.99	.35	.41
May 31	3.79	3.48	3.45	3.10	.31	.38

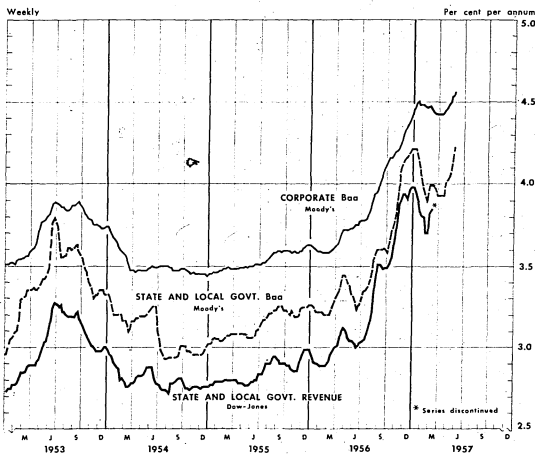
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in early 1953 to 11 1/2 years in early 1956. The new series is comprised of the 3 per cent bond of 1995 and the 3 1/4 per cent bond of 1978-83.

<sup>3/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.--Highs and lows are for individual series and may be on different dates for different series.

## LOWER-GRADE BOND YIELDS



Date	Corporate Baa <u>1/</u>	State and local govt. Baa <u>2/</u>	State and local govt. rev. <u>3/</u>
	(Per cent)		
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.63 (12/30)	3.26 (12/29)	2.99 (12/30)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
1956 - High	4.41 (12/28)	4.22 (12/27)	3.98 (12/28)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
1957 - High	4.56 (5/31)	4.23 (5/29)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
May 3	4.48	4.03	<u>4/</u>
May 10	4.50	4.05	
May 17	4.53	4.06	
May 24	4.54	4.15	
May 31	4.56	4.23	

1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

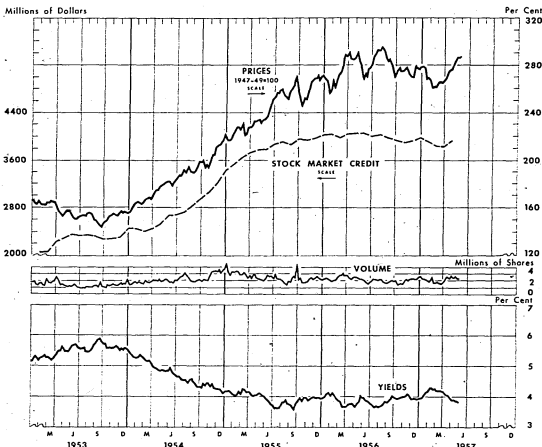
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

4/ Series discontinued, as of March 15.

Note.--Highs and lows are for individual series and may be on different dates for different series.

## EXHIBIT C

## STOCK MARKET



Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market customer credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(Millions of dollars)						
1953 - High	167.1 (1/2)	2.5	5.88	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	664
1954 - High	221.4 (12/31)	3.7	5.49	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.09	2,405	1,653	746
1955 - High	270.7 (12/30)	4.6	4.23	4,030	2,805	1,244
Low	217.4 (1/14)	1.5	3.59	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.13	4,047	2,823	1,267
Low	257.4 (1/20)	1.5	3.65	3,914	2,740	1,155
1957 - High	286.6 (5/31)	2.7	4.28	3,938	2,792	1,163
Low	260.3 (2/8)	1.6	3.81	3,832	2,713	1,117
March	265.1	1.7	4.16	3,832	2,713	1,119
April	273.3	2.3	3.96	3,938	2,792	1,146
May 17	285.6	2.6	3.83	n.a.	n.a.	1,133
May 24	285.4	2.2	3.83	n.a.	n.a.	1,130
May 31	286.6	2.2	3.81	n.a.	n.a.	n.a.

n.a.--Not available.

<sup>1/</sup> SEC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1947-49=100 by Federal Reserve. The conversion factor is 123.91.

<sup>2/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>3/</sup> Moody's 125 industrial stocks; weekly data based on Friday.

<sup>4/</sup> End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes balances secured by U. S. Government obligations.

<sup>5/</sup> Wednesday figures for weekly reporting member banks. Excludes loans for purchasing or carrying U. S. Government securities at banks in New York and Chicago. Weekly reporting banks account for about 72 per cent of loans to others.

Note.--Highs and lows are for individual series and may be on different dates or different series.

Corporate and State and local Government  
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1957	1956 <sup>r/</sup>	1955	1957	1956	1955
January	1,063	573	535	685	404	535
February	1,071	712	407	566	696	312
March	1,344	817	1,223	499	390	538
April	e/ 950	818	478	e/750	378	427
May	e/ 750	1,146	886	e/550	490	350
June	e/1,200	841	687	e/425	735	642
July		1,063	597		376	470
August		654	644		199	249
September		838	670		333	406
October		745	1,162 <sup>1/</sup>		645	919
November		1,089 <sup>2/</sup>	632		311	658
December		1,088	900		426	408
1st quarter	3,479	2,102	2,165	1,750	1,490	1,385
2nd quarter	e/2,900	2,805	2,052	e/1,725	1,603	1,418
3rd quarter		2,556	1,911		908	1,124
4th quarter		2,922	2,695		1,382	1,984
1st half	e/6,379	4,907	4,216		3,093	2,803
Three quarters		7,463	6,127		4,001	3,927
Year		10,384	8,821		5,383	5,911
	Excluding finance companies <sup>3/</sup>					
1st quarter	3,268	1,647	1,727			
2nd quarter	e/2,650	2,541	1,870			
3rd quarter		2,246	1,444			
4th quarter		2,826	2,554			
Year		9,259	7,595			

<sup>r/</sup> Revised.

<sup>e/</sup> Estimated.

<sup>1/</sup> Includes \$637.2 million AT&T convertible debenture issue.

<sup>2/</sup> Includes \$571.5 million AT&T common stock issue.

<sup>3/</sup> Total new capital issues excluding offerings of sales and consumer finance companies.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital  
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1956 - May	623	233	--
June	185	463	20
July	592	164	--
August	217	35	37
September	558	184	--
October	386	383	35
November	701	135	--
December	430	201	--
1957 - January	567	386	100
February	671	306	50
March	788	194	--
April	477	499	125
May	329	248	25

Large Individual Issues Offered during May

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Pacific Great Eastern Ry.	S. F. deb.	20.0	1982	4 3/8	4.61	A
Cincinnati Gas & Elec. Co.	1st mtg. bds.	25.0	1987	4 1/8	4.17	Aaa
Central Maine Power Co.	1st & gen.mtg. bds.	18.0	1987	4 7/8	4.70	A
N.Y. State Elec. & Gas. Co.	1st mtg. bds.	25.0	1987	4 5/8	4.53	A
Florida Power & Light Co.	1st mtg. bds.	15.0	1987	4 5/8	4.50	Aa
Public Serv. Co. of Col.	1st mtg. bds.	30.0	1987	4 3/8	4.38	Aa
New York Telephone Co.	Ref.mtg. bds.	70.0	1991	4 1/2	4.40	Aaa
Acme Steel Co.	S. F. deb.	22.0	1977	4 7/8	4.95	A
Niagara Mohawk Power Co.	Pfd. stk.	20.0				
Interstate Power Co.	1st mtg. bds.	18.5	1987	5	5.00	A
National Fuel Gas Co.	Deb.	15.0	1982	5 1/2	5.40	A
Tenn. Gas Trans. Co.	1st mtg. P.L. bds.	50.0	1977	5 1/4	5.25	A

## Large Individual Issues Offered during May (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<b>STATE AND LOCAL GOVERNMENT</b>						
State of Ohio	G.O.	60.0	1958-72	2.94	2.00-2.95	Aaa
New York St. Power Auth.	Rev.	6.8	1961-85	3.78	3.00-3.75	--
Melbourne, Florida	Wtr.&swr.rev.	6.8	1960-96	n.a.	3.50-5.00	--
Cincinnati, Ohio	G.O.	15.1	1958-2007	3.15	2.10-3.20	Aaa
Chicago, Illinois	G.O.	12.5	1958-76	3.36	2.50-3.55	A
Shelby Co., Tennessee	G.O.	6.8	1958-82	3.12	2.15-3.20	Aa
Territory of Hawaii	G.O.	14.0	1960-77	3.71	2.85-3.75	A
Tulsa Ind. Sch. Dist. No 1, Oklahoma	G.O.	5.0	1959-72	3.30	2.50-3.30	A
State of North Dakota	G.O.	9.0	1958-69	2.83	2.10-2.90	Aa
State of Massachusetts	G.O.	19.1	1958-2007	3.24	2.10-3.40	Aa
State of Washington	Fuel tax rev.	20.7	1957-76	3.96	2.25-3.85	A
State of Washington	Sales tax rev.	10.0	1958-77	3.71	2.60-3.60	Aa
Boston, Massachusetts	G.O.	5.3	1958-77	3.40	2.30-3.40	A
State of Tennessee	G.O.	10.0	1967-68	3.12	3.00-3.05	Aa
King Co., Sch. Dist. No. 1, Washington	G.O.	15.0	1959-77	3.67	2.80-3.70	A
Yonkers, New York	G.O.	6.1	1958-77	3.81	2.40-3.80	A
Wash. Sub. San. Dist., Maryland	G.O.	9.4	1958-96	4.28	3.00-4.40 <sup>4/</sup>	Baa
State of Maryland	G.O.	9.8	1960-72	3.00	2.40-3.00	Aaa
Panama City, Florida	G.O.	7.0	n.a.	n.a.	5/ 2.40-3.00	n.a.
<b>OTHER</b>						
British Columbia Pwr. Comm.	S.F. deb.	25.0	1987	4 3/8	4.50	A

n.a.--Not available.

1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; L.L., limited liability obligations secured by pledge of designated revenues.

4/ 1995-96 maturities not reoffered.

5/ Not reoffered.

Forthcoming Large Public Security Offerings for New Capital  
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1956 - May 31	198	332	--	448	941	--
June 29	437	81	--	567	690	--
July 31	247	--	37	1,096	726	37
Aug. 31	369	131	--	1,202	958	--
Sept. 28	315	359	--	1,009	1,197	--
Oct. 31	683	162	--	990	955	--
Nov. 30	436	48	23	481	979	23
Dec. 31	476	280	100	796	763	100
1957 - Jan. 31	591	153	35	966	648	35
Feb. 28	740	153	--	795	631	--
Mar. 29	461	290	25	486	662	25
Apr. 30	187	179	25	258	396	25
May 31	525	97	--	525	388	--

Forthcoming Large Offerings, as of May 31

Issuer	Type	Amount (millions or dollars)	Approximate date of offering
<u>CORPORATE</u>			
Virginia Elec. & Pwr. Co.	Common stk.	24.2	June 5
Boston Edison Co.	1st mtg. bds.	25.0	June 5
General Telephone Co. of Calif.	1st mtg. bds.	20.0	June 6
Columbia Gas System, Inc.	Deb.	20.0	June 7
Georgia Power Co.	1st mtg. bds.	15.5	June 7
General Telephone Corp.	Conv. deb.	44.5	June 10
			(rights expire)
Metropolitan Edison Co.	1st mtg. bds.	19.0	June 10
International Business Machines Corp.	Common stk.	231.0	June 10
			(rights expire)
*Commercial Credit Co.	Notes	75.0	June 12
Consolidated Natural Gas Co.	S.F. deb.	25.0	June 12
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	30.0	June 13
Michigan Consolidated Gas Co.	1st mtg. bds.	30.0	June 18
Fairbanks Morse & Company	Deb.	15.0	June 18
*Southern Bell Tel. & Tel. Co.	Deb.	70.0	June 19
*Public Service Electric & Gas Co.	Pfd. stk.	25.0	June 19
*Associates Investment Co.	Deb.	20.0	June 20
*Texas Eastern Transmission Corp.	Conv. pfd. stk.	20.0	June 20
*Texas Eastern Transmission Corp.	Deb.	15.0	June 20



## Forthcoming Large Offerings, as of May (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
Puget Sound Power & Light Co.	1st mtg. bds.	20.0	June 25
*Delaware Power & Light Co.	1st & coll. tr. bds.	15.0	June 25
*Southern California Gas Co.	1st mtg. bds.	35.0	June 28
*Kerr McGee Oil Industries, Inc.	S. F. deb.	15.0	June
*Rochester Gas & Electric Co.	1st mtg. bds.	15.0	July 3
*Jersey Central Power & Light Co.	1st mtg. bds.	15.0	July 17
<u>STATE AND LOCAL GOVERNMENT</u>			
Tacoma, Washington	Lt. & Pwr. rev.	5.0	June 4
Columbus, Ohio	G.O.	5.2	June 4
Los Angeles, California	Elec. rev.	15.0	June 5
State of Louisiana	G.O.	16.0	June 6
San Antonio, Texas	Water rev.	13.9	June 6
*Cheltenham Sch. Dist. Auth., Pa.	Rev.	6.4	June 11
State of Ohio	Highway rev.	32.0	June 12
Pittsburgh, Pennsylvania	G.O.	5.2	June 12
San Diego, California	G.O.	5.0	June 13
*Independence, Missouri	Elec. rev.	8.0	June 18
*East Baton Rouge Parish Sch. Dist., La.	G.O.	10.0	June 22
*Atlanta, Georgia	G.O.	15.0	July 20
*Milwaukee, Wisconsin	Water rev.	10.0	July 23
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	August 13
State of Texas	G.O.	12.5	1957
Jacksonville, Florida	Utilities rev.	30.0	1957
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	1957
Pennsylvania Turnpike Commission	Rev.	62.0	1957
Inter-American Center Auth., Florida	Rev.	20.0	1957
New York State Thruway Authority	G.O.	50.0	1957
Oklahoma Turnpike Authority	Rev.	65.0	1957
<u>OTHER</u>			
None			

\*--Included in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

Note.--Deletions for reasons other than sale of issue: State of Mississippi, \$10 million general obligation issue -- bids rejected. Southern California Edison, \$30 million preferred stock issue -- withdrawn.

Yields on New and Outstanding  
Electric Power Bonds, Rated Aa and A 1/

Date	Aa-rated offering yields		A-rated offering yields	
	Actual (per cent)	Amount above seasoned yields (basis points)	Actual (per cent)	Amount above seasoned yields (basis points)
1952 - 1956				
High	4.30(12/12/56)	62	4.58(12/6/56)	70
Low	2.93(3/31/54)	- 3	3.00(3/17/54)	-15
1956 - January	None	--	None	--
February	*3.15	3	3.23	- 6
March	3.28	11	3.45	15
April	*3.77	40	3.61	26
May	*3.53	19	3.76	28
June	*3.52	18	*3.75	27
July	3.66	29	*3.82	28
August	*4.07	52	*4.00	43
September	4.13	53	None	--
October	*4.20	48	*4.40	63
November	*4.30	52	None	--
December	*4.30	47	*4.58	70
1957 - January 8	4.50	62		
16			4.67	70
18	4.43	56		
22			4.56	57
24	4.40	53		
February 5	4.29	45		
19	4.25	46		
27	4.22	43		
March 6			4.41	35
12			4.58	52
20			4.55	49
29			4.45	43
April 3	4.29	50		
10			4.60	59
12			4.50	49
May 10			4.53	52
15			4.53 2/	52
16	4.50	65	4.70	69
21	4.38 2/	51		
23			5.00	98
29			5.25	123

\*--Single observation, not an average.

1/ Covers only 30-year first mortgage bonds, as reported in Moody's Bond Survey. Except where indicated, the actual yield figure and the amount above seasoned yields are averages of offerings during the indicated period and of the differences between these new offering yields and yields on seasoned issues of similar quality for the same day. Average maturity for the seasoned issues varies from 26 to 28 years.

2/ Provides for a 5-year period during which issue may not be called for refunding at a lower coupon rate. Other issues have no such provision.